

IC 23-16-4

Chapter 4. Limited Partners

IC 23-16-4-1

Additional limited partners

Sec. 1. After the formation of a limited partnership, a person may be admitted as an additional limited partner:

- (1) in the case of a person acquiring a partnership interest directly from the limited partnership, upon compliance with the partnership agreement or, if the partnership agreement does not so provide, upon the written consent of all partners; and
- (2) in the case of an assignee of a partnership interest, as provided in IC 23-16-8-4.

As added by P.L.147-1988, SEC.1.

IC 23-16-4-2

Classes or groups of limited partners; rights, powers, and duties; voting

Sec. 2. (a) A partnership agreement may provide for classes or groups of limited partners having such relative rights, powers, and duties as the partnership agreement may provide, and may make provision for the future creation, in the manner provided in the partnership agreement, of additional classes or groups of limited partners having such relative rights, powers, and duties as may from time to time be established (including rights, powers, and duties senior to existing classes and groups of limited partners).

(b) Subject to section 3 of this chapter, the partnership agreement may grant to all the limited partners, to certain identified limited partners, or to a specified class or group of the limited partners the right to vote (on a per capita or other basis), separately or with all or any class or group of the limited partners or the general partners, on any matter.

(c) A partnership agreement that grants a right to vote may set forth provisions relating to the following:

- (1) Notice of the time, place, or purpose of any meeting at which any matter is to be voted on by any limited partners.
- (2) Waiver of the notice described in subdivision (1).
- (3) Action by written consent without a meeting.
- (4) The establishment of a record date.
- (5) Quorum requirements.
- (6) Voting in person or by proxy.
- (7) Any other matter concerning the exercise of a right to vote under the partnership agreement.

As added by P.L.147-1988, SEC.1.

IC 23-16-4-3

Liability to third parties

Sec. 3. (a) Except as provided in subsection (d), a limited partner is not liable for the obligations of a limited partnership unless:

- (1) the limited partner is also a general partner; or

(2) the limited partner, in addition to exercising the rights and powers of a limited partner, participates in the control of the business.

However, a limited partner who participates in the control of the business is liable only to persons who transact business with the limited partnership reasonably believing, based upon the limited partner's conduct, that the limited partner is a general partner.

(b) A limited partner does not participate in the control of the business within the meaning of subsection (a) solely by doing one (1) or more of the following:

(1) Being a contractor for, or an agent or employee of, the limited partnership or of a general partner, or being an officer, director, or shareholder of a general partner that is a corporation.

(2) Consulting with or advising a general partner with respect to any matter, including the business of the limited partnership.

(3) Acting as surety, guarantor, or endorser for the limited partnership, guaranteeing or assuming one (1) or more specific obligations of the limited partnership, or providing collateral for the limited partnership.

(4) Taking any action required or permitted by law to bring or pursue a derivative action in the right of the limited partnership.

(5) Calling, requesting, attending, or participating in a meeting of the partners or the limited partners.

(6) Proposing, approving, or disapproving, by voting or otherwise, one (1) or more of the following matters:

(A) The dissolution and winding up of the limited partnership.

(B) The sale, exchange, lease, mortgage, pledge, or other transfer of all or substantially all of the assets of the limited partnership.

(C) The incurring, renewal, refinancing, or payment or other discharge of indebtedness by the limited partnership other than in the ordinary course of its business.

(D) A change in the nature of the business.

(E) The admission, retention, or removal of a general partner.

(F) The admission, retention, or removal of a limited partner.

(G) A transaction or other matter involving an actual or potential conflict of interest between a general partner and the limited partnership or the limited partners.

(H) An amendment to the partnership agreement or certificate of limited partnership.

(I) Matters related to the business of the limited partnership not otherwise enumerated in this subsection which the partnership agreement states may be subject to the approval or disapproval of limited partners.

(J) The merger of the limited partnership.

(7) Winding up the limited partnership under IC 23-16-9-3.

(8) Serving on a committee of the limited partnership or the

limited partners.

(9) Exercising any right or power permitted to limited partners under this article and not specifically enumerated in this subsection.

(c) The enumeration of certain powers in subsection (b) does not mean that the possession or exercise of any other powers by a limited partner constitutes participation by that limited partner in the control of the business of the limited partnership.

(d) A limited partner who knowingly permits the partner's name to be used in the name of the limited partnership, except under circumstances permitted under IC 23-16-2-1(a)(2), is liable to creditors who extend credit to the limited partnership without actual knowledge that the limited partner is not a general partner.

As added by P.L.147-1988, SEC.1.

IC 23-16-4-4

Person erroneously believing to be limited partner

Sec. 4. (a) Except as provided in subsection (b), a person who makes a contribution to a partnership and erroneously but in good faith believes that the person has become a limited partner in the partnership is not a general partner in the partnership, and is not bound by its obligations by reason of making the contribution, receiving distributions from the partnership, or exercising any rights of a limited partner, if, within sixty (60) days after ascertaining the mistake, that person:

(1) in the case of a person who wishes to be a limited partner, causes an appropriate certificate of limited partnership or a certificate of amendment to be executed and filed; or

(2) in the case of a person who wishes to withdraw from the partnership, takes such action as may be necessary to withdraw.

(b) A person who makes a contribution under the circumstances described in subsection (a) is liable as a general partner to any third party who transacts business with the partnership before the occurrence of either of the events referred to in subsection (a) if the third party:

(1) actually believed in good faith that the person was a general partner at the time of the transaction;

(2) acted in reasonable reliance on that belief; and

(3) extended credit to the partnership in reasonable reliance on the credit of that person.

As added by P.L.147-1988, SEC.1.

IC 23-16-4-5

Access to information by limited partner

Sec. 5. Each limited partner has the right to inspect and copy any of the partnership records required to be maintained by IC 23-16-2-6 and to obtain from the general partners, from time to time, upon reasonable demand the following:

(1) True and full information regarding the state of the business and financial condition of the limited partnership.

(2) Promptly after becoming available, copies of the limited partnership's federal, state, and local income tax returns for each year.

(3) Other information regarding the affairs of the limited partnership as is just and reasonable.

As added by P.L.147-1988, SEC.1.

IC 23-16-4-6

Admission of limited partners

Sec. 6. A person acquiring a partnership interest is admitted as a limited partner when the latter of the following occurs:

(1) The formation of the limited partnership.

(2) The time provided in the partnership agreement or, if no time is provided in the partnership agreement, when the person's admission is reflected in the records of the limited partnership.

As added by P.L.147-1988, SEC.1.